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Opening Statement

Rep. Matt Cartwright, Subcommittee Ranking Member

Subcommittee on Economic Growth, Job Creation and Regulatory Affairs Hearing on "Poised to Profit: How ObamaCare Helps Insurance Companies Even If It Fails Patients"

June 18, 2014

Thank you, Chairman Jordan, and welcome to you, Senator Sessions. It's very good to have you here today. I'm looking forward to a robust discussion.

Today is the 27th hearing our Committee has held on the Affordable Care Act. To date, House Republicans have voted more than fifty times to repeal, de-fund, or otherwise undermine the law. These numbers are truly preposterous and a poor use of the Committee's and the House of Representative's limited resources at a time when our country faces so many immense challenges that are being largely ignored.

I want to start out by highlighting for my Republican colleagues the number that matters most here today. More than 8 million Americans have signed up for health insurance plans through the federal and state exchanges. More than *8 million* Americans can now see a doctor and get the critical health services that every American should have.

Insurance companies are no longer allowed to discriminate against women or people with cancer, diabetes, or other preexisting conditions.

Young people are able to stay on their parents' plans until they are 26, and millions of individuals can finally access free preventative care. We have seen the lowest growth in healthcare costs in 50 years, and billions of dollars in rebate checks have been sent to consumers across the country.

Unfortunately, today's hearing is the latest in a long series of Republican attempts to falsely criticize the Affordable Care Act. The issue before us today involves three risk management provisions in the ACA—reinsurance, risk adjustment, and risk corridors. The Committee previously examined these provisions in a hearing on February 5.

Republicans also fail to mention that they first proposed the reinsurance, risk adjustment, and risk corridor mechanisms in Medicare Part D, where they have been tremendously

successful. They discourage plans from avoiding enrollees with unusually high drug costs, and they help lower premiums for consumers by stabilizing the insurance market. Now in its ninth year, Medicare Part D has robust participation, with 39 million seniors enrolled. I appreciate that the Senator who is here to testify before us today voted in favor of the legislation. As did 41 of his Senate Republican colleagues and 204 House Republicans.

Nonetheless, Republicans continue to inaccurately describe these risk mitigation mechanisms as a “bailout” to health insurance companies. This characterization is just plain wrong. Here are the facts.

Reinsurance, risk adjustment, and risk corridors are programs designed to mitigate risks for insurance companies, stabilize premiums for consumers, and incentivize plans to compete on the basis of *quality* and *efficiency*.

Reinsurance is funded solely by contributions from insurance companies. Risk adjustment is funded by transfers between insurers, making it budget neutral. Under the risk corridor program, the government collects funds from insurers with extreme financial gains and makes payments to those with extreme losses.

Recently, the Department of Health and Human Services announced changes to the reinsurance and risk corridor programs that Republicans claim will result in a taxpayer bailout. This argument is unsound and based on a misunderstanding of how these programs function.

The reinsurance pool amount is set by statute, and payments may not exceed the amounts collected from insurers. In April, the nonpartisan Congressional Budget Office confirmed that the risk corridor program would be budget neutral over the three-year life of the program. None of these facts sounds like a bailout to me.

The Affordable Care Act is the law, already debated for years, passed by Congress, and signed by the President, and it is helping millions of Americans to obtain quality, affordable health insurance. Rather than continuing to look for any conceivable way to attack the law—as my Republican colleagues have done for years—my sincere hope is that we can start examining ways to help the program run more efficiently and effectively as it continues to be implemented.

I would like to thank the witnesses for coming to testify before us today and I look forward to an informative discussion about managing risk in insurance pools.

Thank you Mr. Chairman.

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